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SUBJECT: INDIA'S UPA GOVERNMENT SURVIVES CONFIDENCE VOTE --  
WHAT IT MEANS FOR THE UNITED STATES

Classified By: Charge d'Affaires Steven White for Reasons 1.4 (B and D)

¶1. (SBU) SUMMARY. The two-day special session of parliament to consider the confidence motion culminated late on July 22 with a victory for the Congress Party-led United Progressive Alliance (UPA) coalition government. The tally was 275 votes in favor of the confidence motion, 256 opposed, and 12 absences or abstentions. The vote followed a threatened walk-out by the opposition Bharatiya Janata Party (BJP) after its representatives dumped millions of rupees on the floor of parliament allegedly paid by UPA representative in exchange for abstentions. In the end, they did not walk out. Media had claimed that momentum favoring the government had been building on July 21-22, which may have contributed to winning over undecided members and, ultimately, to the BJP's decision to resort to allegations of bribery rather than face a fair defeat in the dubious company of the Left Front and Mayawati's Bahujan Samaj Party (BSP).

¶2. (C) SUMMARY CONTINUED. The UPA government's victory provides it with the opportunity to see through its full five-year term in office, with elections likely between February and May 2009. More immediately, the UPA government will push immediately to complete the U.S.-India Civil Nuclear Cooperation Initiative. Two cabinet ministers have confirmed that the government intends to dispatch immediately after the vote at least eight senior envoys to lobby key Nuclear Suppliers Group (NSG) member capitals. Completing the nuclear initiative prior to new elections will become a top priority for the UPA government. Nevertheless, senior Ministry of External Affairs staff have cautioned that the general election campaign will begin the moment the confidence vote concludes and that the UPA government will continue to be sensitive to domestic criticism stemming from unpopular elements of the nuclear initiative.

¶3. (C) SUMMARY CONTINUED. Beyond the immediate implications of the UPA coalition victory, the nuclear initiative and the confidence vote have crystallized a serious domestic debate about India's place in the world. The Nehruvian consensus that characterized India's global engagement with the world since its independence has broken down, giving way to three distinct schools of thought espoused respectively by the UPA, the BJP, and the Left that will likely battle over India's approach to foreign relations for years to come. END SUMMARY.

Narrow UPA Victory Follows Bribery Allegations

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¶4. (U) The tally on the July 22 motion of confidence in the United Progressive Alliance (UPA) coalition government was 275 votes in favor of the confidence motion, 256 opposed, and

12 absences or abstentions. An official tally of how individual members -- or parties -- cast their votes will not be released until July 23. Early indications are that the Congress Party-led UPA coalition held firm with its new Samajwadi Party allies and attracted the majority of undecided representatives of smaller parties and independents. Media reports noted momentum favoring the government building through the parliament sessions on July 21-22, which may have contributed to winning over undecided members and, ultimately, to the BJP's decision to resort to allegations of bribery rather than face a fair defeat in the dubious company of the Left and Mayawati.

15. (U) The already contentious confidence motion debate boiled over when, 14 minutes before Prime Minister Singh was scheduled to speak, BJP MPs dumped ten million rupees on the parliament floor and alleged it was bribe money paid by UPA representatives in exchange for abstentions from opponents, throwing the house was into chaos. Speaker Chatterjee adjourned the session and called an all-party meeting. Upon reconvening the session, Chatterjee said that the allegations should be left for him to follow up appropriately in due course and announced that Prime Minister Singh would make closing remarks prior to the vote. Prime Minister Singh's concluding remarks were drowned out by heckling from the opposition, and he handed over his written remarks to the chair. Speaker Chatterjee then called for an electronic vote.

Other Highlights from the Parliament Debate

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16. (U) Prior to the bribery drama, MPs from both camps took turns making their cases above the din of shouts and calls from the other side. Finance Minister Chidambaram led off the day by highlighting the UPA government's accomplishments over the last four years. Amid much shouting from opposition MPs throughout, he gave a detailed description of the Hyde Act and the 123 Agreement, asserting that nuclear deal would end India's nuclear isolation. Chidambaram concluded by drawing economic comparisons with China. He said he did not envy China, but wanted India to become an economic superpower. Chidambaram accused some in India of not wanting to "catch up" with China, resulting in eruptions of protests from the Left benches.

17. (U) The opposition's rebuttal came from Bharatiya Janata Party (BJP) leader V.K. Malhotra, who claimed the Prime Minister's office had become a hub for "horse-trading." His attack then became more pointed when he accused the UPA of seeking votes "on the basis of the Prime Minister's Turban," a reference to earlier reports that the government had appealed to the predominantly Sikh Shiromani Akali Dal (SAD) party to support a Sikh prime minister despite SAD's alliance with the BJP. With this, the house erupted and Speaker Chatterjee called recess.

18. (U) Twice delayed by recesses called to quell repeated interruptions by opposition MPs, Rahul Gandhi opened with accounts of the lives of the rural poor to make a personalized case for the nuclear deal on the basis of energy security. Gandhi drew parallels between the success of the Indian IT industry and his hope for the nuclear power industry. Remaining good natured throughout the frequent interruptions, he urged his fellow MPs to "Start thinking like a big country." He advised that, "Instead of worrying about how the world will impact us, we think about how we want to impact the world." Gandhi concluded with an appeal to unity stating, "We are all building this country together."

19. (U) Anand Kumar, BJP MP from Karnataka, delivered a brief critique of nuclear deal. Railways Minister Lalu Prasad Yadav followed with a nearly hour-long speech loaded with levity that had MPs from both sides in stitches. Lalu

criticized the Left and the BJP for seeking the benefits of the U.S. -- education for their children, travel for themselves, etc. -- but opposing a closer relationship with the U.S. for their fellow Indians. Basudeb Acharia, CPI-M MP from West Bengal, embarked on a long-winded critique of the UPA government for its failure to carry out its common minimum program, upon which the Congress-Left UPA coalition had been built. Basudeb said the CPI-M wanted a good relationship with the U.S. but not a "strategic" relationship with the U.S. As Acharia spoke, BJP MPs rose from their seats and began to unload the alleged bribery money onto the parliament floor.

#### What The Vote Says About India's Domestic Politics

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¶10. (C) The UPA government's determination to advance the nuclear initiative triggered the confidence vote, but larger issues of domestic power politics soon came to the fore. Speeches on the floor of parliament and back-room dealings re-drawing party lines made clear that the confidence vote was most immediately about what faction would govern the world's largest democracy following elections that were to take place in any case within 10 months. As one editorialist put it, "the tussle is more about who will remain on centre-stage in the 15th Lok Sabha" than about the nuclear initiative. To this end, large sums of money and other political favors have changed hands in the lead-up to the confidence motion, with accusations of "horse-trading" filling local media and spilling onto the floor of parliament. Despite the back-room dealing, PM Singh continues to project an image of integrity, challenging media on July 21 to show proof of misbehavior. Local media is making hay out of the bribery allegations, maintaining that never before has evidence of bribery made it to the floor of the Lok Sabha.

#### What The Vote Means for India's Foreign Policy

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¶11. (SBU) Beyond the political "tussle" and what it means for the next government, the broader significance of the debate sparked by the nuclear initiative is fundamentally about India's place in the world. An insightful July 19 editorial by Indian Express editor Shekhar Gupta sums it up well: "Behind all the shenanigans and midnight deal-making, therefore, lies an entirely new debate in our domestic politics over foreign policy." Gupta concluded that the confidence vote could "become a seminal debate on India's foreign policy, just as the 1999 debate (when Vajpayee's government fell) became a landmark one on secularism." The Nehruvian consensus based on India's prominent role in the non-aligned movement dominated Independent India's first quarter-century of its foreign relations and was largely sustained by subsequent governments. Despite the end of the Cold War and the rise of India's global potential, consensus held on the big issues of India's borders, its neighbors, and its nuclear program. "All this changed with the nuclear deal," according to Gupta, which heralded the end of India's foreign policy consensus and the emergence of three distinct views represented respectively by the Congress-UPA, BJP-NDA, and Left.

¶12. (SBU) Prime Minister Manmohan Singh's vision led the foreign policy of the UPA government, based on leveraging India's position and strengths to obtain equal status in global institutions, access to high technology to aid India's development, and regional stability through the pursuit of peace with its neighbors. The nuclear initiative was a means of overcoming past differences with the U.S., a key partner in the pursuit of each of these goals. The Congress-UPA coalition favors the preservation of India's credible nuclear deterrent and the expansion of clean energy technologies. The Congress Party's rickety UPA coalition and the demands of

its provincial partners diluted the conviction with which the government pursued this policy.

¶13. (SBU) The BJP and its National Democratic Alliance (NDA) partners propound a vision for India similar to that of the UPA, but embracing different tactics. Unencumbered by nostalgia or the risk of losing Muslim votes, a BJP-led government would likely pursue a strategic alliance with the U.S. This relationship could extend to a closer relationship with Israel. (The UPA government has avoided a cabinet level visit to Israel for over four years). The BJP believes that China is a permanent strategic challenge, and countering it requires a large, modern nuclear arsenal. While the BJP does not disagree with the UPA vision, nor does it see the nuclear initiative as the necessary turning point, hoping to develop a broad and deep relationship with the U.S. and other partners.

¶14. (SBU) The Left holds a distinct but coherent foreign policy view that is historically based on Nehruvian non-alignment and remains pro-Arab, pro-China (previously pro-Soviet), anti-imperialist, and anti-nuclear. The Left views the rise of China as a positive development both in terms of shared ideology, but more importantly as a balance to Western and especially U.S. imperialism. Strategic alliances, especially with the U.S., are anathema to India's non-aligned leadership. On this view, a multi-polar world would provide India once again with the opportunity for non-aligned leadership, which would in turn give it the stature necessary to pursue its goals. The Left's foreign policy position will continue to dampen efforts by its coalition partners to develop a partnership with the U.S. The Left's Third Front allies are little concerned with foreign policy and lack coherent foreign policy positions, but tend to draw from the Left's strident rhetoric, especially on Iran. For instance, BSP leader Mayawati's recent efforts to positioning herself as serious prime ministerial candidate led to statements on July 21 opposing U.S. policy toward Iran. Mayawati told media the nuclear deal would "hamper" the \$7.4 billion Iran-Pakistan-India (IPI) pipeline since the U.S. was "acting against Tehran in a dangerous manner," adding, "The whole world will have to face the consequences of a nuclear war between the U.S. and Iran ... the blame will fall on the UPA government if it goes ahead with the deal."

What Happens Next?

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¶15. (C) The UPA government survived and is now likely to see out its full five year term, with elections likely between February and May 2009. The UPA coalition will use the prospect of clean, cheap energy as a key element of its campaign platform. Meanwhile, some in Congress will push for economic reforms. The Prime Minister has mentioned his desire to implement a slate of "social reforms," partly in gratitude to loyal coalition partners. The UPA government's success at governing for its full five-year term and prevailing in a high-profile confidence motion so soon before elections, in addition to any efforts it makes to bring down inflation, may make it a contender to form another government following the next elections.

¶16. (C) The government will push immediately to complete the nuclear initiative. Two cabinet ministers have confirmed that the government intends to dispatch immediately after the vote at least eight senior envoys to lobby key Nuclear Suppliers Group (NSG) member capitals. (Those tapped include Shiv Shankar Menon, Syam Saran, Anand Sharma, Kapil Sibal, Prithviraj Chavan, M.K. Narayanan, and two other unnamed senior Ministry of External Affairs officials.) Completing the nuclear initiative prior to new elections will become a top priority for the UPA government. Senior Ministry of External Affairs staff have cautioned that the general

election campaign will begin the moment the confidence vote concludes and that the UPA government will continue to take a beating. They suggested that public statements avoid interpretive or descriptive language, and draw from the July 18, 2005 joint statement and language such as FS Menon used in his briefings to IAEA Board members in Vienna last week.

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